

105TH CONGRESS
1ST SESSION

H. R. 273

To amend the Food Stamp Act of 1977 to require States to use electronic benefit transfer systems, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1997

Mr. SCHUMER introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Food Stamp Act of 1977 to require States to use electronic benefit transfer systems, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Food Stamp Fraud
5 Act of 1997”.

6 **SEC. 2. ELECTRONIC BENEFIT TRANSFER SYSTEMS.**

7 (a) ISSUANCE AND USE OF COUPONS.—Section 7(g)
8 of the Food Stamp Act of 1977 (7 U.S.C. 2016(g)) is
9 amended—

10 (1) by striking “(1)”;

1 (2) by striking paragraph (2); and

2 (3) by redesignating subparagraphs (A) and
3 (B) as paragraphs (1) and (2), respectively.

4 (b) ELECTRONIC BENEFIT TRANSFER SYSTEMS.—
5 Section 7(i) of the Food Stamp Act of 1977 (7 U.S.C.
6 2016(i)) is amended—

7 (1) by amending paragraph (1) to read as fol-
8 lows:

9 “(1)(A)(i) Except as provided in clause (ii), each
10 State agency shall implement before October 1, 2000, an
11 electronic benefit transfer system in which all household
12 benefits determined under section 8(a) are issued from
13 and stored in a central databank.

14 “(ii) Upon the request of a State agency, the Sec-
15 retary may grant a waiver extending the deadline for com-
16 pliance with clause (i) to a date not later than October
17 1, 2002, for a State agency that faces unusual barriers
18 to implementing an electronic benefit transfer system.

19 “(B) Subject to paragraph (2), a State agency may
20 procure and implement an electronic benefit transfer sys-
21 tem under the terms, conditions, and design that the State
22 agency considers appropriate.

23 “(C) An electronic benefit transfer system should
24 take into account generally accepted standard operating
25 rules based on—

1 “(i) commercial electronic funds transfer tech-
2 nology;

3 “(ii) the need to permit interstate operation
4 and law enforcement monitoring; and

5 “(iii) the need to permit monitoring and inves-
6 tigations by authorized law enforcement agencies.”;
7 and

8 (2) in paragraph (2)—

9 (A) by striking subparagraph (A); and

10 (B) by redesignating subparagraphs (B)
11 through (I) as subparagraphs (A) through (H),
12 respectively.

13 (c) REDEMPTION OF COUPONS.—The first sentence
14 of section 10 of the Food Stamp Act of 1977 (7 U.S.C.
15 2019) is amended by inserting before the period at the
16 end the following: “unless such centers, organizations, in-
17 stitutions, shelters, group living arrangements, and estab-
18 lishment are equipped with point-of-sale devices for the
19 purpose of participating in electronic benefit transfer de-
20 livery systems”.

21 **SEC. 3. USE OF PRODUCT BAR CODES AND OPTICAL SCAN-**
22 **NER DEVICES.**

23 Section 9 of the Food Stamp Act of 1977 (7 U.S.C.
24 2018) is amended by adding at the end thereof the follow-
25 ing:

1 “(h) Approved retail food stores which use optical
 2 scanner device to read product bar codes in connection
 3 with sales, shall use such devices, in connection with elec-
 4 tronic benefit transfer systems, to prevent the purchase
 5 of unauthorized food and nonfood items with benefits de-
 6 termined under section 8(a) and to maintain a record of
 7 purchases made with such benefits. Such purchase records
 8 shall be made available for review under subsection (c).

9 “(i) Notwithstanding any other provision of this sec-
 10 tion, a retail food store may not—

11 “(1) be approved to accept or to redeem cou-
 12 pons; or

13 “(2) accept or redeem coupons accepted;
 14 after October 1, 2002, unless such store uses an optical
 15 scanner device to read product bar codes in connection
 16 with sales of food.”.

17 **SEC. 4. EXPANDED CIVIL AND CRIMINAL FORFEITURE FOR**
 18 **VIOLATIONS OF THE FOOD STAMP ACT.**

19 (a) **FORFEITURE OF CERTAIN PROPERTY.**—Section
 20 15(h) of the Food Stamp Act of 1977 (7 U.S.C. 2024(h))
 21 is amended by adding at the end the following:

22 “(5) **PROCEDURES.**—(A) All food stamp bene-
 23 fits and any property subject to forfeiture under this
 24 subsection, any seizure and disposition thereof, and
 25 any proceeding relating thereto, shall be governed by

1 section 413 of the Comprehensive Drug Abuse Pre-
2 vention and Control Act of 1970 (21 U.S.C. 853),
3 excluding subsection (d) of such section, insofar as
4 applicable and not inconsistent with the provisions of
5 this subsection.

6 “(B) Restraining orders available under sub-
7 section (e) of such Act shall apply to assets other-
8 wise subject to forfeiture under subsection (p) of
9 such Act, as incorporated in this section.

10 “(C) The provisions of chapter 46 of title 18,
11 United States Code, relating to civil forfeitures shall
12 extend to a seizure or forfeiture under this sub-
13 section, insofar as applicable and not inconsistent
14 with the provisions of this subsection, except that
15 such duties as are imposed upon the Secretary of
16 the Treasury under such chapter 46 may also be
17 performed with respect to seizures and forfeitures
18 under this section by such officers, agents, or other
19 persons as designated for that purpose by the Sec-
20 retary. Civil forfeitures imposed under this sub-
21 section shall be in addition to any criminal sanctions
22 imposed against the owner of the forfeited property.

23 “(D) The proceeds from any sale of forfeited
24 property and any monies forfeited under this sub-
25 section shall be used—

“(i) first, to reimburse the Department of Justice for the costs incurred by the Department to initiate and complete the forfeiture proceeding;

“(ii) second, to reimburse the Department of Agriculture Office of Inspector General for any costs the Office incurred in the law enforcement effort resulting in the forfeiture;

“(iii) third, to reimburse any Federal or State law enforcement agency for any costs incurred in the law enforcement effort resulting in the forfeiture; and

“(iv) fourth, by the Secretary to carry out the approval, reauthorization, and compliance investigations of retail stores and wholesale food concerns under section 9.”.

SEC. 5. PROVIDE AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.

Section 9(a) of the Food Stamp Act of 1977 (7 U.S.C. 2018(a)) is amended by adding at the end the following:

“(3)(A) Such time period shall be determined based upon total food stamp redemptions expressed as a percentage of food stamp sales to total food sales.

1 “(B)(i) Except as provided in clause (ii), retailers
2 with a ratio of food stamp sales to total food sales of 30
3 percent or more may be authorized for not more than one
4 year, and retailers with a ratio of food stamp sales to total
5 food sales of 5 percent or less may be authorized for up
6 to 5 years.

7 “(ii) Retailers with a ratio of food stamp sales to total
8 food sales of more than 10 percent that do not use an
9 optical scanner device to read product bar codes in connec-
10 tion with sales may be authorized for not more than one
11 year.”.

12 **SEC. 6. STATE REQUIREMENTS.**

13 Section 16(d) of the Food Stamp Act of 1977 (7
14 U.S.C. 2025(d)) is amended to read as follows:

15 “(d) States which fail to meet the national perform-
16 ance measure for the payment error rate set forth under
17 subsection (c)(6) may be required by the Secretary to im-
18 plement, in whole or in part, one or more of the following
19 additional measures in furtherance of waste and fraud re-
20 duction:

21 “(1) Computerize and coordinate food stamp,
22 aid to families with dependent children, and supple-
23 mental security income caseloads so that reported
24 changes in any one program automatically adjusts
25 allotments for the remaining program.

1 “(2) Require any employer, public or private, to
 2 report new hires and wage rates to the State depart-
 3 ment of revenue, or equivalent taxing authority.
 4 Such reported information shall be made available to
 5 and used by the State agency to adjust accordingly
 6 any benefit allotments or payments received by the
 7 individual or households of which the individual is a
 8 member.

9 “(3) Require all financial institutions to report
 10 asset information to State agency caseworkers when-
 11 ever such requests are made. The financial institu-
 12 tions may be required to provide the requested infor-
 13 mation without compensation or at cost.”.

14 **SEC. 7. AUTHORIZATION OF APPROPRIATIONS FOR THE**
 15 **PURCHASE OF OPTICAL SCANNERS.**

16 Section 18 of the Food Stamp Act of 1977 (7 U.S.C.
 17 2017) is amended by adding at the end the following:

18 “(g)(1) There is authorized to be appropriated for fis-
 19 cal years 1998, 1999, and 2000, in the aggregate,
 20 \$50,000,000 to the Secretary to make grants, in the dis-
 21 cretion of the Secretary, to separately owned retail food
 22 stores located in low-income areas (as determined by the
 23 Secretary) and approved under section 9, to enable such
 24 stores to purchase optical scanner devices to read product
 25 bar codes in connection with sales of food.

1 “(2) For purposes of this subsection, the term ‘low-
2 income area’ means an urban census tract, a nonmetro-
3 politan county, a Native American Indian reservation, an
4 Alaska Native village, or a migrant or seasonal farm-
5 worker community, in which not less than 30 percent of
6 households have annual income that does not exceed 30
7 percent of the median income of the area involved.”.

8 **SEC. 8. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.**

9 (a) EFFECTIVE DATE.—Except as provided in sub-
10 section (b), this Act and the amendments made by this
11 Act shall take effect on January 1, 1998.

12 (b) APPLICATION OF AMENDMENTS—The amend-
13 ments made by this Act shall not apply with respect to
14 certification periods beginning before the effective date of
15 this Act.

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